

**Counties—Investments—Sinking Funds—Bonds.**

A county may invest its sinking funds in its own bonds of the same issue for which the sinking fund was raised.

Jay G. Larson, Esq.,  
State Examiner,

April 23, 1926.

Helena, Montana.

My dear Mr. Larson:

You have requested my opinion whether under chapter 86, laws of 1923, a county may invest its sinking fund in its own bonds.

Chapter 86 authorizes investment in "United States government bonds or securities, state bonds or securities, county or city bonds, or other bonds or securities which are supported by general taxation, except irrigation bonds."

This chapter does not expressly prohibit a county from investing its sinking fund in bonds of the particular county. The language of the statute is broad enough to authorize investment of county sinking funds in bonds of the county and I know of no reason why this may not be done, providing that the sinking fund that was raised to retire certain bonds may be invested in bonds of that particular issue only; otherwise, the sinking fund raised for a certain purpose and which is a trust fund would be diverted to a purpose foreign to that for which it was created.

When the sinking fund created for a particular bond issue is invested in bonds of that issue I see no reason why the bonds may not be cancelled.

Very truly yours,  
L. A. FOOT,  
Attorney General.